

ARIZONA DEPARTMENT OF REAL ESTATE
REAL ESTATE ADVISORY BOARD
MINUTES
April 12, 2007

The Arizona Real Estate Advisory Board met on Thursday, April 12th, 2007 at the Arizona Department of Real Estate (ADRE), 2910 N. 44th Street, First Floor Conference Room, in Phoenix, Arizona.

I. CALL TO ORDER

Chair Gary Brasher called the meeting to order at approximately 10:00 a.m.

Members present:

Gary Brasher, Chair, Tubac
Frank Dickens, Member, Flagstaff
Vince Pellerito, Member, Scottsdale
Ann White, Member, Tucson
Tom Pancrazi, Member, Yuma

Unable to attend: Lisa Suarez, Vice Chair, Tucson

ADRE representatives present:

Sam Wercinski, Commissioner
Tom Adams, Assistant Commissioner of Regulation
Tory Anderson, Assistant Commissioner, Policy & Projects
Roy Tanney, Assistant Commissioner, Development Services
Mary Utley, Assistant Commissioner, Personnel & Communications
Cindy Wilkinson, Assistant Commissioner, Licensing and Professional Education Division
Robert Hall, Administrative Assistant to the Commissioner

Public present:

Kathy Howe, Future Board Member, Sedona

II. MINUTES

Upon motion by Frank Dickens, seconded by Ann White, the Minutes of the January 18, 2006 meeting were unanimously approved.

III. FACILITATOR REPORT FROM ADVISORY BOARD MEMBERS

Chair Brasher requested that members report on their facilitator inquiries. Several members had received inquiries from the public.

IV. COMMISSIONER'S REPORT

Update

Commissioner Wercinski displayed the power point presentation, which highlights the department's focus on the motto "Promoting Mutual Respect". He

discussed the Three-Entity principal and the impact this has on making good policies in the department. He debuted his unique organizational chart, which emphasizes that the department exists to serve the public and the industry.

Commissioner Wercinski also discussed various programs that have been implemented to better serve the public. Those items were as follows:

- ❑ Community Outreach and Education (COE) programs which takes the department to the public and the industry throughout the state. The program offers a forum for learning and feedback.
- ❑ "Town-Hall" meetings. The first meeting is scheduled for May 21st in Marana. Five of these meetings will be scheduled throughout the state.
- ❑ Stakeholder meetings that were begun in January are continuing on a regular basis. These are very productive; as they create positive dialogue, garner feedback and foster ideas for improvement and change.
- ❑ Four Workgroups were created to improve and streamline processes:
 1. Statutes and Rules Committee Meetings
 2. Public Report Committee -
 3. Technology Committee
 4. Lifetime License Workgroup

The Commissioner highlighted other improvements and changes made in the last few months. Those items were as follows:

- ❑ Added a Concierge in the Licensing Lobby to assist in directing customers appropriately.
- ❑ Expanded the renewal process online by moving forward with the Phase 2 rollout that will be available in September.
- ❑ Tuesdays are reserved for addressing the backlog in rural community application processing.
- ❑ Electronic License Certificates have resulted in a significant financial savings
- ❑ The Licensing Expiration Alert system (LEAD'EM) is up and running with email notification being sent 90, 60 and 30 days prior to expiration rather than just a postcard.
- ❑ The Virtual Information Processing (VIP) was successfully tested for a Broker in Lake Havasu. This process will eventually be upgraded to a fully on-line (web based) service.
- ❑ Disciplinary actions processing has been improved resulting in the process being more fair and timely.

Personnel

Commissioner Wercinski shared that his goal for the department over the next four years is to take the focus of the department from just providing licensing, public reports and meeting the demands of customer service to shifting it to where it should be; **protecting the public**. The Commissioner stated that we're already moving in that direction. He highlighted the following personnel changes/additions to illustrate this:

- Added a Settlement Officer to the staff of Enforcement and Compliance Division; an unfunded position
- Added a Legal Assistant to the staff of Enforcement and Compliance Division, an unfunded position

The Commissioner noted that these added positions help speed up the judicial process, which is important in our support of the industry and the public. The Commissioner highlighted additional personnel/title changes to streamline and improve the department and initiate cost savings. Those changes are as follows:

- All "Division Directors" have been made **Assistant Commissioners**
- All "Division Deputy Directors" have been made **Managers**
- The Commissioner will not be hiring a Deputy Commissioner. Instead, as a cost savings measure, he will be hiring an Assistant Commissioner of Operations.

The Commissioner noted that these measures would allow for providing raises in many other positions. He also noted that his innovative personnel plan is fully supported by the Governor's Office.

Revenue

The Commissioner presented slides reflecting revenue coming through the Department, highlighting that fines have dropped to 10 percent. The Commissioner explained that this drop is due to the Department offering a Community Service option in lieu of a fine.

Division Statistics

The Commissioner presented slides reflecting the improved statistics from 1st to 3rd quarters of fiscal year 2007 which he emphasized was a direct result of the positive changes within the department. He specifically noted that the last time they measured the statistics for licensing there was a 25 percent drop in the backlog for

processing applications. He also indicated that this would continue to show improvement.

Discussion

Discussion ensued relative to the Commissioners report. Ann White mentioned the "Bottom Up" Organizational Chart that was presented by the Commissioner. She indicated that it is a very positive move and will bode well with the public and the industry. Ann White then made a motion to consider putting the "Bottom-Up" Organizational Chart on-line (on the web) as presented in the meeting with an explanation of why it was done this way, with the caveat that the 'frontline' people would be left off, seconded by Frank Dickens and approved by the Board. Recommendation forwarded to Commissioner Wercinski.

V. DIVISION MONTHLY REPORTS

Tory Anderson provided the Board with the monthly ADRE activity report. At the end of the 3rd quarter we had 97,650 licensed individuals and entities. We're 10 percent over where we were at this same time last year. We're actually 2.4 percent over where we were in the 2nd quarter. Tory also noted the improvement in the number of cases in Enforcement and Compliance, Licensing and Education. She noted the improvements in all areas. Furthermore, she highlighted the fact that we are still receiving a high number of cases every month but we're also closing a high number of cases. Investigations has been focusing on the more complex cases which is why the number of cases closed is less in the third quarter than in the 1st quarter. Tory noted also that investigations are trying to avoid getting the frivolous cases.

Tory Anderson provided information on Department Revenue by Quarter. She noted that there was a decrease in the General Fund in 3rd quarter over 1st quarter of fiscal year 2007. The Education Revolving Fund was increased from \$36,700 in the first quarter of fiscal year 2007 to \$54,310 in the third quarter of fiscal year 2007. Finally, the Recovery Fund has an increased from \$32,300 in the 1st quarter of fiscal year 2007 to \$54,464 in the 3rd quarter of fiscal year 2007.

VII. OTHER MATTERS

Commissioner Wercinski announced that the Department is developing a Policy Statement that all new (original) applications and renewals with disclosures are not considered complete until the fingerprint card comes back from screening by law

enforcement. Significant discussion ensued on this matter. Commissioner requested feedback from the board and wanted to get input from "key" industry players. The Commissioner stated that he would bring the idea to the public through the ongoing stakeholder meetings. The board will look for a Policy Draft Statement. This will also be a topic for Lifetime Licensing Workgroup.

Mary Utley mentioned the Arizona/Mexico Commission, inter-Plenary session is scheduled in Tubac on April 26th and the Plenary Session will be held in Tucson on June 14th and 15th at La Paloma Resort. Mary noted that the State of Sonora has passed Law 150, which requires licensure for real estate professionals. Sonora is the only State in Mexico with such a requirement. One of the requirements will be that real estate agents complete 120 hours of education before they are licensed.

VIII. CALL TO THE PUBLIC

None.

IX. ADJOURNMENT

On a motion by Vince Pellerito, seconded by Ann White and approved by the Board, Chair Brasher adjourned the meeting at 11:39 a.m.

DATED THIS 12th Day of July 2007.

ARIZONA REAL ESTATE ADVISORY BOARD

By: 

Gary Brasher, Chairman

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